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Corporate Social Responsibility in Greek Banking Sector - An Empirical Research

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Abstract

Companies voluntarily embody social and environmental actions via Corporate Social Responsibility (CSR). In this paper we indicate CSR policies in banking sector in Greece and we study the banks customers' perceptions regarding their banks' CSR policies. We present the ten biggest banks in Greece and we indicate the charitable programs and sponsoring that they offer in general during the last years in Greece. The present study empirically investigates the customers' perception regarding CSR policies of banks; we study if they have really understood the meaning of CSR. Specifically, it is estimated whether customers believe that banks really wish to help society and the environment or they just wish to improve their sales and increase their profits. Under this framework, the results of empirical research are presented and the relevant findings are discussed.

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1. Introduction

The meaning of Corporate Social Responsibility (CSR) is very important especially in times of economic crisis. The market considers companies with profits, expenses, market shares, etc. But the society wants more than that

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from a company, like for example, quality of products and services offered by a company to trade, and the attitude of the company towards major problems of society, such as issues related to the environment, society, culture.

In the United States the idea of CSR first appeared in the early 20th century, especially in the second half. The companies at that time became the object of attack due to their large size, their power and their antisocial and competitive practices (Carroll, 1999). Until today there is not an established international definition of CSR. Corporate Social Responsibility is a concept whereby companies integrate voluntary, social and environmental concerns in their business operations and in their interaction with other interested parties (Green Paper, 2001; Fahy et al., 2005).

A definition of CSR is given by the Carroll's model that refers to four kinds of social obligations that constitute CSR: economic responsibility of profit, the legal responsibility of the firm to comply to laws, ethics obligation to act on social classes, though not legislative coded and finally the philanthropic responsibility to promote actions that promote social welfare (Carroll, 1991). Given the characteristics of modern societies, the goal of CSR is extended to contribute to building a dynamic, competitive and cohesive economy based on knowledge.

In this paper we empirically investigate the banks customers' perceptions regarding CSR program of their bank.. In Section 2, we present the ten biggest banks in Greece (at the time of the empirical research) in respect of the CSR programs in general. The results of the empirical research are presented in section 3 and the relevant findings are discussed in section 4.

2. Greek Banks and CSR

The management of a company is required to identify the internal and external strategic factors that determine both the business viability and other sustainable development by adopting practices of corporate social responsibility. Today one of the main qualifier for the companies is to attract and retain qualified personnel. In this context, measures may include lifelong learning, empowerment to employees, better information throughout the enterprise, a better balance between work, family and leisure time, etc. In the environmental sector, environmental investments are normally reported as opportunities-win for business and the environment. CSR is also about the integration of companies in the local communities, in Europe and in the world. Also, the impact of a company's human rights of employees and local communities beyond the scope of labor rights is recognized.

The Corporate Responsibility Institute is a non-profit organization which holds the exclusive representation of the CR Index in Greece in collaboration with BITC (Business in the Community). The aim is to provide the Greek companies and organizations the most recognized assessment tool and reference point for the recognition of their performance on CSR issues based on international criteria. The activities of the Institute of Corporate Social Responsibility is the further consolidation of CSR in Greece and placement of Greek companies in the world map companies that are known for their performance in this area.

Nowadays, corporate social responsibility is increasingly recognized by banks which endorse programs of educational, cultural, athletic and environmental initiatives and implement sponsorship actions towards vulnerable groups and charitable nonprofit organizations. In this section we present the ten biggest banks in Greece, at the time of the empirical study of this research, and we indicate the charitable programs and sponsoring that they offer in general during the last years in Greece.

Alpha bank: the CSR strategic is focused on the triptych human resources - society - environment, in which its goals and actions are focused. It is the exclusive sponsor of the international program to protect the coast of Greece with the "Blue Flag" program (ALPHABANK, 2012).

National Bank: One of the fundamental values and principles of the most important function of the National Bank throughout its historic route is the contribution to the progress and prosperity of the Greek society, a factor especially important since it largely determines the long-term and sustainable business activity and success of the Bank. Especially, National Bank contributes though the investment programs offered in the field of renewable energy (National Bank, 2012).

Emporiki Bank: The CSR principles are incorporated into all policies and procedures implemented by the bank, for example, in credit assessment systems, supplies, marketing, human resources (Emporiki Bank, 2012).

EFG Eurobank Ergasias: The involvement of the bank on Education, Culture, Sports, Environment and Society is the cornerstone of social contribution since its inception until today. Eurobank focuses on actions regarding

employees and has registered in the European Register of companies that comply with management regulations of the environmental (Eurobank EFG, 2012).

Marfin Egnatia Bank: is a modern, dynamically developing bank that integrates its business practices in social and environmental actions are related to all those affected by its operation. It is known for recycling electrical and electronic equipment for environmental protection (Marfin Egnatia Bank, 2012).

Cyprus Bank: (now Piraeus Bank) is one of the first members of the nonprofit organization "Greek Network for Corporate Social Responsibility" that belongs to the European network CSR Europe and aims to disseminate corporate social responsibility in business in Greece. CSR was concerned about protecting the environment and the development of society by founding charities (Cyprus Bank, 2012).

Piraeus Bank: attaches great importance to the issues of Corporate Social Responsibility, including Corporate Governance, Social work, cultural contributions and Environmental issues. Working with charities driven bank's contribution in the triptych "Child, Family and Health" is a strategic choice for targeted social interventions. Its contribution is well known through the "special green loans" that are issued (Piraeus Bank, 2012).

Post Bank: The CSR actions demonstrate the consistent and continuous contribution to the community for many years (Post Bank, 2012).

Millennium Bank: now Piraeus Bank

Bank of Greece: now Piraeus Bank. It was considered a potential leader group well known for its link with the rural area (Bank of Greece, 2012).

3. Results

The study was conducted in Greece from November 2012 to January 2013 by the Department of Accountancy and Finance of the Eastern Macedonia and Thrace Institute of Technology. The aim of the study is to investigate the bank clients' opinion regarding CSR. The data were collected using a structured questionnaire containing 34 questions. The questionnaires were distributed randomly in electronic form to people who were asked to complete them anonymously and return them. It must be noted that at the beginning of the questionnaire the definition of the Corporate Social Responsibility was given, as well as examples of it in banking sector, in order for the respondents to understand the meaning of it. The 34 questions were divided into two sections. Section 1 consisted of six questions related to demographic data. Section 2 consisted of twenty eight questions regarding the perception of banks' clients of the Corporate Social Responsibility. The questions were of closed type, meaning the respondents had to choose specific answers. The collected data were analysed using descriptive statistics and the program SPSS v17.1.

3.1. Descriptive statistics

The number of respondents was 113 from all Greece. 53 of the respondents were women and 60 men. 27 of the sample are 18 to 25 and 26 to 35 years old, 25 are 36 to 45 and 34 are more than 46 years old. The majority of our sample have secondary education (74%) and 26% have academic education. Regarding the occupation of our sample, 39 work in public or private sector, 22 are entrepreneurs, 17 are unemployed, 13 are university students, 9 are retired, 8 have not responded and 5 do domestic tasks. Regarding the monthly income of our sample, the majority of them have monthly income less than 500€ (34%), 31% have income 501-1000€, 18% have income 1001-1500€, 11% have income 1501-2000€ and only 7% have income more than 2001€ per month. Figure 1 presents the primary bank of our sample, since most of them are clients of more than one bank.

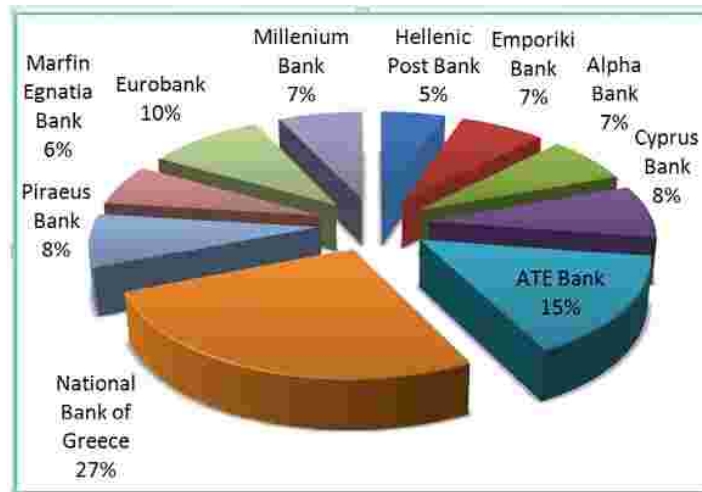


Fig. 1: Primary bank

39 of the respondents admitted that they did not know the meaning of CSR before replying the questionnaire. Only 8 had none idea about CSR; 45 knew enough the meaning of CSR and 40 knew it quite well. The rest 20 respondents knew the meaning excellent. 35% believe that they are acquainted with the meaning of CSR, while only 5% state that they are not acquainted at all. More than half know the CSR program of their bank. Regarding the satisfaction of the CSR program of their bank, half of them are mediate satisfied with it. 24% do not care about the course and outcomes of the CSR program, 36% care mediate or a little and only 4% care too much. More than 80 respondents do not care much about the CSR programs of other banks. It is remarkable that more than 60% state that they have positive opinion regarding the CSR programs and only 4% have negative opinion. More than 90 of the respondents believe that the CSR programs are important. More than half believe that the CSR programs are important for them by believing that can contribute to a better future. Also, the majority of them believe that the CSR programs are worthy and can make a difference to the world. Furthermore, the majority states that CSR programs are useful and can create “profit” for the bank and the citizens. Even though CSR programs are not necessary for the function of a bank, the “human” aspect of a bank is getting known though these programs, thus the majority of the respondents believe that they are important for banks. Only 4% say that they are not important at all. Almost 40% believe that the CSR programs are more or less the same at all banks, while there is a normal distribution at the rest responses. More than 85% believe that they have no personal gain from the CSR programs.

The majority of them believe that these programs are used from the banks for advertisement reasons and for their reputation. As a consequence, the majority believes that the above promotion attracts new clients. On the contrast, the majority believes that the banks do not really care for the society and the environment. Furthermore, more than the half cannot answer if the CSR program of their bank is ideal or not. However, the majority of them are very satisfied with their bank and its products despite the CSR program. Regarding the question of choosing the best CSR program of the banking sector, the majority of the respondents are not quite sure. The landslide says that they would not change their bank because of the CSR program. The landslide believes that the goal of their bank should be set on moral values. 33% do not identify with the goals of their bank, 28% indentify with them and the rest are somewhere in the middle. The majority of them 54% (61 people) responded that they would have changed bank if their bank abolished its CSR program, 31% (41 people) would think about it and only 10% (16 people) would not change their bank

3.2. Correlations

In this section the correlations between variables are presented. At the question 'Did you know about CSR?' the ones with university studies, employed and entrepreneurs knew about CSR. At the question 'Did you know about the CSR program of your bank?' the groups of 18-25 and 26-35 did not know at all and knew very much about CSR. The more aged groups are more stable about their knowledge. Employed and entrepreneurs knew more that the other working groups the CSR program of their bank. At the questions 'Do you believe that CSR is necessary?' and 'Do you believe that you contribute to society through CSR?', all incomes believe that CSR is necessary and that they contribute to society with the highest incomes be more sure than everybody (Figure 2).

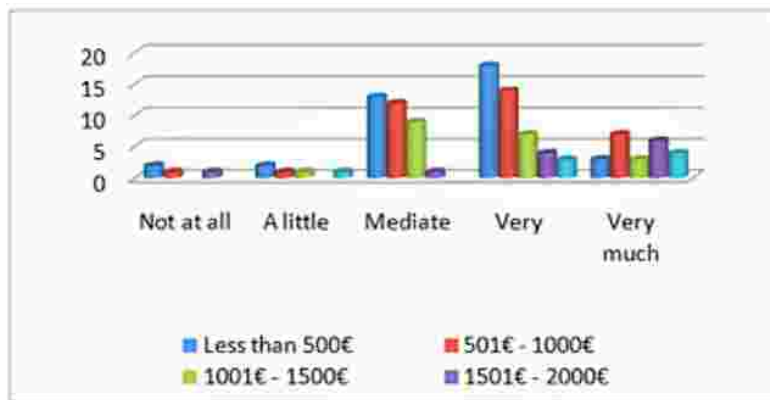


Figure 2. Do you believe that CSR is necessary? - income

At the question 'Do you believe that your bank uses CSR for its own image' all age groups believe that banks use CSR for their image (Figure 3). At the question 'Do you believe that banks use CSR for society?' almost half from all income categories are not sure if banks use CSR for society.

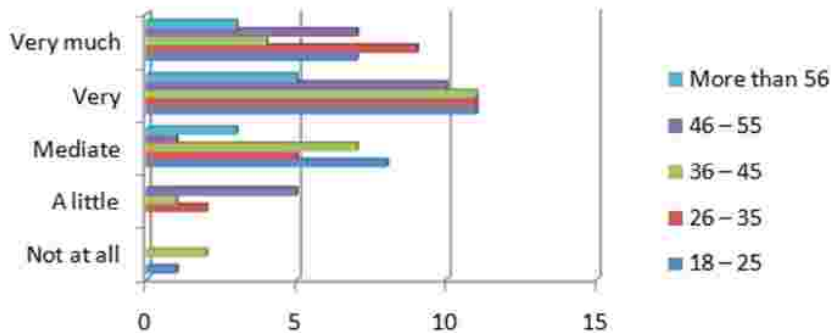


Figure 3. Do you believe that your bank uses CSR for its own image - age

At the question 'Do you believe that banks use CSR for the environment?' more than 1 out of three men and women are not sure if banks use CSR for environment. Only one man and 2 women are very much sure that banks use CSR for environment! The age group of 36-45 are the most certain of other groups that banks use CSR for environment (Figure 4).

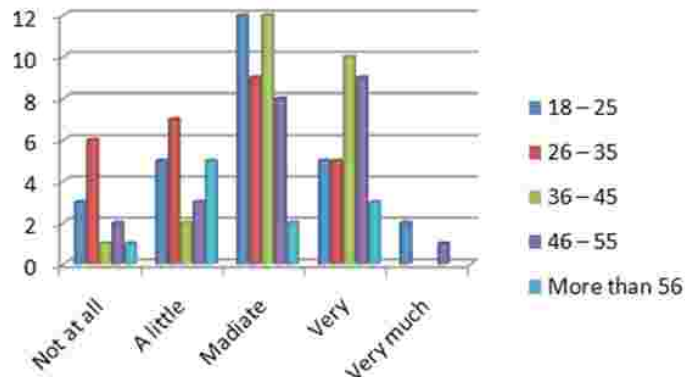


Figure 4. Do you believe that banks use CSR for the environment? - age

At the question 'Are you satisfied with the bank's services despite CSR?', the lowest income groups are less satisfied with their bank's services despite CSR. At the question 'Would you prefer another bank because of CSR?' the majority would not change their bank because of the CSR. At the question 'Would you continue to be a client of a bank even if it had no CSR?' 61 say no, 41 would think it and only 11 say yes. The lowest income groups would change their bank easily than the others (Figure 5).

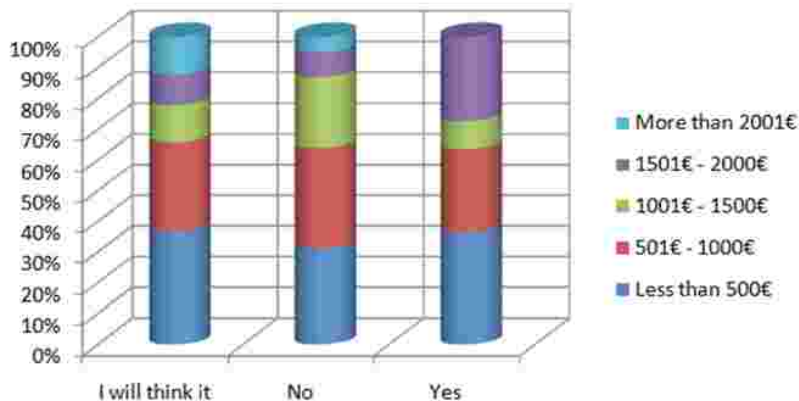


Figure 5. Would you continue to be a client of a bank even if it had no CSR? - income

4. Conclusions

From the analysis of the results, some important conclusions are raised. The young respondents aged from 18 – 35 show more interest in CSR even though they are quite ignorant about the meaning of it. The majority of the respondents learned more about the meaning of CSR from the explanatory paragraph of the questionnaire. They knew the applications of CSR but not the strategies and the meaning of it. Quite enough are aware the CSR program of their bank and are satisfied with the it and its course. Many of the respondents believe that the CSR programs are remarkable, useful and necessary, since through the acts of responsibility an interest for the society and the environment is expressed. The profit from CRS is not visible nor direct, so the respondents do not believe that they

have something to benefit from. It is also certain that banks use CSR to amplify their image, attract more clients and eventually increase their profits. It is also important that the respondents state that they would not change their bank because of the CSR program.

The responsibility for healthy development of society and protection of the environment concerns everybody. The means to be used depend on the CSR policy of a company. Thus, the awaking of the CSR of all companies irrespective of their economic status and the continuous action for the benefit of society and the planet is necessary.

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